



Department of Justice

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NING ZHU PLEADS GUILTY TO FRAUD AND TAX CHARGES

Defrauded Dell and Filed False Returns

United States Attorney David C. Weiss, Internal Revenue Service (IRS) Special Agent in Charge Don Fort, and Federal Bureau of Investigation (FBI) Special Agent in Charge Richard A. McFeely, announced today that Ning Zhu entered guilty pleas earlier today before the Honorable Sue L. Robinson to one count of mail fraud, in violation of Title 18, United States Code, Section 1341, and three counts of tax evasion, in violation of Title 26, United States Code, Section 7201. Sentencing was set for March 23, 2010 at 8:30 a.m.

According to the criminal Information and plea agreement, between 2005 and 2008, defendant Zhu defrauded Dell, Inc. of approximately \$102,000 by fraudulently obtaining software in connection with the purchase of personal computers. During the course of hundreds of transactions with Dell, Zhu, using multiple false names and addresses, claimed not to have received software that he had in fact received. Through this deception, Zhu obtained duplicate copies of the software, which he then sold unlawfully.

Zhu additionally filed false U.S. Individual Income Tax Return, Forms 1040, for the calendar years 2005, 2006, and 2007. Zhu falsely stated that his income for 2005 was \$4,603, and that the amount of tax due was \$0. In fact, his taxable income for 2005 was \$300,333, and the amount of

tax due was \$79,701. In 2006, Zhu falsely stated that his income was \$12,796, and that the amount of tax due was \$1,278. In fact, his taxable income for 2006 was \$164,126, and the amount of tax due was \$34,082. Zhu falsely stated that his income for 2007 was \$6,816, and that the amount of tax due was \$0. In fact, his taxable income for 2007 was \$120,638, and the amount of tax due was \$22,771.

Zhu, 32, is a resident of Newark, Delaware. On the mail fraud charge, he faces a maximum statutory sentence of not more than twenty years imprisonment, a \$250,000.00 fine, three years supervised release following any term of imprisonment, restitution, and a \$100.00 special assessment. On each of the three tax evasion charges, he faces a maximum statutory sentence of not more than five years imprisonment, a \$250,000.00 fine, three years supervised release following any term of imprisonment, restitution, and a \$100.00 special assessment.

U.S. Attorney David C. Weiss said, “This investigation and prosecution demonstrate our commitment to addressing the serious problems of fraud and tax evasion, which often go hand in hand. Here, Zhu cheated Dell out of their software and the Government of taxes that were due and owing. I commend our law enforcement partners, the IRS and the FBI, for their diligence and professionalism.”

Don Fort, Special Agent in Charge of the IRS, Criminal Investigation stated, “Tax evasion is not a victimless crime. Honest, hardworking citizens foot the bill for those who hide their income to avoid paying taxes. IRS, Criminal Investigation will continue to work vigorously with the United States Attorney’s office and other law enforcement agencies to investigate and prosecute those individuals who intentionally conceal their income to evade their tax obligations.”

“Individuals who commit fraud and evade taxes undermine the stability of our economy,” said FBI Special Agent in Charge Richard A. McFeely. “The FBI and its partners will aggressively investigate and prosecute criminals who perpetrate these financial crimes.”

This case is being prosecuted by Assistant United States Attorney David L. Hall. For further information, contact Assistant United States Attorney Hall at (302) 573-6277.

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